Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
TracFone Wireless, Inc. Petition for Rulemaking to Prohibit In-Person Distribution of Handsets to Prospective Lifeline Customers	)	
	)	
Lifeline and Link Up Reform and Modernization	)	WC Docket No. 11-42
	)	
Lifeline and Link Up	)	WC Docket No. 03-109
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45

COMMENTS OF Q LINK WIRELESS LLC

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I. INTRODUCTION

Q LINK WIRELESS LLC ("Q LINK" or the "Company"), through its undersigned counsel, pursuant to Section 1.415 and Section 1.419 of the Federal Communications Commission's ("FCC" or the "Commission") rules,[1] hereby opposes Tracfone Wireless, Inc.'s ("TracFone") proposal to prohibit the in-person distribution of handsets to prospective Lifeline consumers.[2] Q LINK also opposes Nexus Communications, Inc.'s ("Nexus") proposal to eliminate the enrollment of Lifeline participants from certain temporary structures thereby limiting in-person handset distribution to "brick-and-mortar" stores.

As explained herein, Q LINK strongly opposes TracFone's request that the Commission prohibit in-person distribution of handsets to prospective Lifeline consumers. TracFone's proposal would needlessly bind all other wireless Eligible Telecommunications Carriers ("ETC") to

[1] *See* 47 CFR §§ 1.415, 1.419.

[2] *See Petition for Rulemaking to Prohibit In-Person Distribution of Handsets to Prospective Lifeline Customers; Lifeline and Link Up Reform and Modernization et al.,* Petition for Rulemaking, WC Dkt. Nos. 11-42 *et al.* CC Dkt. No. 96-45 (filed May 13, 2013) ("*TracFone Petition*").

TracFone's business model, which does not include face-to-face enrollments. Furthermore, Q LINK also strongly opposes Nexus' request that the Commission limit in-person handset distribution to "brick-and-mortar" stores. Neither proposal is warranted nor backed by evidence that either proposal would help in the prevention of waste, fraud, and abuse. Moreover, both proposals are anti-competitive and attempts to exclude other wireless ETC providers from the marketplace, to the detriment of the intended beneficiaries of the Lifeline program – low-income consumers.

II. BACKGROUND

Q LINK is a Delaware Limited Liability Company with principal offices located at 499 East Sheridan Street, Suite 300, Dania, Florida 33004. Q LINK provides prepaid wireless telecommunications services, both retail and Lifeline, to consumers using the Sprint Spectrum L.P. ("Sprint") network on a wholesale basis. Q LINK availed itself of the Commission's grant of forbearance from the "own facilities" requirement in the *Lifeline Reform Order*,[3] and the Commission approved Q LINK's Compliance Plan on August 8, 2012.[4] Q LINK has since been designated as an ETC by state public utility commissions in 17 jurisdictions: Arizona, Colorado, Kansas, Kentucky, Maine, Maryland, Michigan, Minnesota, Missouri, Nevada, Ohio, Oklahoma, Pennsylvania, Texas, Utah, West Virginia, and Wisconsin. Q LINK has petitioned for state ETC designations in 16 other jurisdictions, as well as 10 federal default jurisdictions.

Q LINK distributes its prepaid Lifeline services through both in-person, face-to-face

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[3] *See In the Matter of Lifeline and Link Up Reform and Modernization, Lifeline and Link Up, Federal-State Joint Board on Universal Service, Advancing Broadband Availability Through Digital Literacy Training*, WC Docket No. 11-42, WC Docket No. 03-109, CC Docket No. 96-45, WC Docket No. 12-23, Report and Order and Further Notice of Proposed Rulemaking, FCC 12-11 (rel. Feb. 6, 2012) ("*Lifeline Reform Order*") at ¶ 368.

[4] *See* DA 12-1286.

transactions in which the eligible Lifeline consumer obtains a handset at the time of sign-up, as well as over the mail. Q LINK does in-person transactions, for example, at community events. Q LINK has worked diligently to put in place a certification and verification procedure and process system that ensures its customers are eligible and, to the extent possible in the absence of the National Lifeline Accountability Database (NLAD), to avoid duplicates. Q LINK contracts with CGM, LLC ("CGM"), one of the leading Lifeline service bureaus in the industry, for assistance in the prevention of waste, fraud, and abuse. The Commission has reviewed and approved Q LINK's Compliance Plan, which includes details regarding how Q LINK certifies and verifies consumers' eligibility.

III. COMMENTS

Q LINK fully supports the FCC's efforts to eliminate waste, fraud, and abuse in its Lifeline program. The FCC's Lifeline Reforms have led to almost $214 million in savings already[5], as well as 29% of subscribers who were enrolled in the Lifeline program in June 2012 being de-enrolled.[6] The FCC's reforms are working. TracFone's and Nexus' proposals are unfounded, unnecessary, and harmful. Q LINK opposes TracFone's proposal that the Commission prohibit in-person distribution of handsets to prospective Lifeline consumers and Nexus' proposal that the Commission limit in-person handset distribution to "brick-and-mortar" stores. With the objective of furthering the goals of the Lifeline program, Q LINK submits the following:

A. TracFone's and Nexus' Proposals are Unfounded

TracFone's concern over in-person distribution of handsets is directed towards stifling TracFone's competition and not at all towards concern over waste, fraud, and abuse of the Lifeline

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[5] Public Notice, Wireline Competition Bureau Issues Final Report on Lifeline Program Savings Target, WC Docket No. 11-42, DA 13-130 (rel. Jan. 13, 2012).

[6] Public Notice, Wireline Competition Bureau Announces Results of the 2012 Annual Lifeline Recertification Process, WC Docket No. 11-42, DA 13-872 (rel. Apr. 25, 2013).

program. There is no legal or factual basis for TracFone's proposal; TracFone has provided no evidence or data to explain why or how a waiting period, or requiring ETCs to mail handsets to Lifeline customers, would prevent waste, fraud, and abuse. Further, TracFone, whose business model does not include face-to-face enrollments, has had a history rife with duplicates and ineligible subscribers. Q LINK does not have access to TracFone's annual recertification data; however, in viewing TracFone's disbursements from USAC year over year, month over month, they are down at least 25%, which is an extremely conservative number that would assume no new subscribers.

Neither has Nexus has provided any evidence or data to explain why or how in-person distribution of handsets in only "brick-and-mortar" stores, as opposed to company-owned kiosks or mobile distribution, would prevent waste, fraud, and abuse of the Lifeline program. Q LINK successfully utilizes its company-owned kiosks to reach a variety of communities where Lifeline-eligible consumers live and work. Eligible Lifeline consumers may live in small and rural communities where they do not have access to any such "brick-and-mortar" stores that provide Lifeline service. Lifeline-eligible consumers that do live in larger metropolitan areas may not be able to travel to such "brick-and-mortar" stores. These types of Lifeline consumers would no doubt benefit from having ETC-owned kiosks placed in locations closer to their homes, places of work, or other retail locations that they frequent, such as convenience stores.

B. TracFone's and Nexus' Proposals are Unnecessary

TracFone claims that the ability of ETCs to distribute handsets in real time to prospective Lifeline subscribers may often prevent ETCs from performing the necessary verification to certify that those consumers are eligible for Lifeline benefits.[7] TracFone's claim does not have any merit with respect to any carrier that, like Q LINK:

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[7] *TracFone Petition* at 6.

1. Uses information technology systems to conduct duplicative customer review and eligibility verification prior to distributing a handset;

2. Distributes handsets that cannot be used to place a non-emergency call until the user has contacted the carrier to activate the handset using a customer-specific activation/authorization code/number; and

3. Does not permit a handset to be activated prior to the completion of the duplicative customer review and eligibility verification.

For any such carrier, the intent of TracFone's, or Nexus', proposal – i.e. ability to verify that the consumer is indeed eligible for Lifeline benefits – will be achieved without forcing the customer to wait for mail delivery of the handset, or forcing the customer to travel to a "brick-and-mortar" store.

As mentioned, Q LINK contracts with CGM for assistance in the prevention of waste, fraud, and abuse. In its enrollment process, Q LINK uses an automated information system which goes through each of the following steps:

a. Obtain government-issued picture ID to verify enrollee's identity.
b. Obtain government-issued proof of program eligibility.
c. Obtain a picture/copy of both the picture ID and the proof of eligibility and electronically store with enrollment form for purposes of second tier review.
d. Have enrollee complete Lifeline application form.
e. Dip address in USPS/UPS/FedEx address databases to confirm validity.
f. Check address against geographic ETC boundaries designated by the state.
g. Check name/address/DOB/Last four of SS# against intercompany duplicate database to confirm that that ETC or other ETCs are not currently providing Lifeline services to enrollee or his/her household.
h. Have enrollee make activation call to customer service and require last four of SS# to confirm identity.
i. Have second tier QA review of all enrollment documentation for uniformity and completeness before deleting the picture of the proof of eligibility and submitting order for reimbursement.

All of these steps can be completed in an average of ten minutes, at point of sale, with the customer present. There's simply no waste, fraud and abuse prevention benefit gained, whatsoever, by then forcing the customer to wait to receive their handset by mail, or by having a customer in a "brick-and-mortar" store versus an ETC-owned kiosk. Q LINK has established processes and procedures to verify a consumer's eligibility for Lifeline benefits during an in-person encounter, whether at a retail store, a community event, or otherwise.

TracFone also suggests that the Commission should require ETCs to send handsets to the Lifeline subscribers via U.S. mail or approved delivery service after the ETC has verified the applicants' eligibility in accordance with Commission rules.[8] Many carriers have already committed to delivering handsets by U.S. mail, using traceable delivery, in cases where an applicants' eligibility cannot be verified in accordance with Commission rules at the time of application. However, to require this measure in cases where an applicants' eligibility *can* be verified in accordance with Commission rules at the time of application would simply be unnecessary, counterproductive, and would provide a disservice to Lifeline consumers – the intended beneficiaries of universal service support.

TracFone's and Nexus' proposals are not necessary, nor will they prevent waste, fraud, and abuse of Universal Service funds.

C. TracFone's and Nexus' Proposals are Harmful

TracFone's proposal is detrimental to the enrollee, offers nothing to improve the prevention of waste, fraud, and abuse, and adds unnecessary costs to the model of almost every other Lifeline service provider, including Q LINK. Under TracFone's proposal, a person could cheat simply by signing up using multiple names, or by signing up with multiple carriers at the same time. Mail delivery also introduces the element of mailbox theft, and needlessly adds more cost to the distribution model. It also makes for more challenging delivery to the transient enrollee living at temporary addresses. Consumers much prefer the convenience associated with walking away from the enrollment transaction with a phone in hand; and as such, are more likely to use the service. By

[8] *Id.* at 7.

requiring the applicant to call in to enter an activation code, the ETC also greatly reduces the risk that the phone is simply going to a third party for use, which could be the case under TracFone's proposal, particularly if the handset could be activated simply by placing any outgoing call.

Nexus' proposal will frustrate the ability of many otherwise eligible Lifeline applicants to obtain service and add potentially insurmountable costs to ETCs' distribution models. Many elderly or disabled Lifeline consumers, and Lifeline consumers living in small or rural communities, will not be able to travel to "brick-and-mortar" stores; these stores will most likely be few in number and only located in larger metropolitan areas. Furthermore, this proposal would exclude from the marketplace those ETCs that would rather invest capital on quality service to its customers and quality compliance systems than on the building of "brick-and-mortar" locations.

TracFone's and Nexus' proposals are harmful not only to their competitors, but, more importantly, to the consumers whom this Lifeline program intends to benefit and for whom the Universal Service Fund was created.

D. Alternative to TracFone's Proposal

Given TracFone's apparent concern about waste, fraud, and abuse prevention, it is ironic that TracFone is one out of the handful of carriers who has not agreed to participate in CGM's Lifeline Intercompany Duplicates Database (IDD), a tool that serves as an interim solution to the NLAD. The IDD is a name/address lookup tool that allows ETCs to seed the IDD and employ it for pre-enrollment editing to confirm whether or not the applicant is already receiving a Lifeline subsidy from any other carrier who has agreed to participate in the IDD.

Instead of granting TracFone's Petition, Q LINK suggests that the Commission require all carriers to participate in CGM's IDD until the NLAD becomes available.

IV. CONCLUSION

The Commission's recent Lifeline reforms have already proven successful, and the introduction of the NLAD in the near future will serve to further prevent waste, fraud, and abuse of the Lifeline program. The Commission need not place additional barriers in front of low-income consumers who are attempting to obtain Lifeline service, particularly to the advantage of the business plan of a single provider.

Wherefore, Q LINK respectfully submits that it is in the public interest for the Commission to deny TracFone's Petition and decline to adopt Nexus' proposal to ban in-person distribution of handsets outside of "brick-and-mortar" stores.

Respectfully submitted,

/s/ Lance J.M. Steinhart

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